



ANNUAL REPORT

1961

RUTLAND RAILWAY CORPORATION

RUTLAND RAILWAY *Corporation*

WALLACE M. FAY, *Chairman*

DIRECTORS

FRANK A. AUGSBURY, JR.

L. JAMES GUMPERT

†ARTHUR H. BROWN

LAWRENCE R. KESSEL

DANIEL A. BRUNO

MAURICE J. MINTZER

STANLEY L. GINSBURG

DAVID S. ROSEN

WILLIAM I. GINSBURG

SOL M. ROSENBERG

OFFICERS

WILLIAM I. GINSBURG *President*

LLOYD G. BUCKLIN *Vice President-
Corporate and Clerk*

*JOHN W. LOVETT *General Manager*

OPERATING

HAROLD J. NICHOLS *Superintendent*

NORMAN F. BRUCE *Master Mechanic*

KENNETH F. LINIHAN *Trainmaster*

E. HAROLD LUNDIN *Chief Engineer*

SALES AND SERVICES

STEPHEN A. CLIFFORD *General Sales
Manager*

JOHN E. LAUGHLIN *Sales Manager,
Rates*

TREASURY

SOL M. ROSENBERG *Treasurer*

RHOBY H. CONANT *Assistant Treasurer*

ACCOUNTING

LLOYD G. BUCKLIN *Comptroller*

JAMES J. TRACY *Auditor*

LAW

THOMAS W. LYNCH *General Counsel*

RHOBY H. CONANT *General Claims
Agent*

PURCHASING

WILLIAM H. ROSS *Purchasing Agent*

†Mr. Arthur H. Brown died December 7, 1961.

*Mr. John W. Lovett resigned February 15, 1962.

RUTLAND RAILWAY CORPORATION

To Our Stockholders:

The years 1961-1962 have been most difficult. The Operating Brotherhoods called a strike on September 25, 1961. The Railway has been closed down since that date and negotiations between Management and the Operating Brotherhoods have failed to resolve the dispute.

The strike has caused a financial strain on the Rutland. This fact, considered with the many other serious problems confronting the Rutland, prompted the Board of Directors at a meeting held October 23, 1961 to pass the following Resolution:

"RESOLVED, that the Board of Directors has authorized:

"1. Abandonment of the entire line of the Rutland Railway Corporation subject to the Interstate Commerce Act, and

"2. The proper officers be and hereby are authorized and directed in the name of and on behalf of the corporation to apply under paragraphs (18) to (20), inclusive, of Section 1 of the Interstate Commerce Act, as amended, for a certificate that the present and future public convenience and necessity permit the abandonment of the entire line of the Rutland Railway Corporation, and

"3. That the proper officers take such other steps as in their judgment are necessary or appropriate to execute such abandonment and to protect the jurisdiction of the Interstate Commerce Commission and the assets of this corporation."

On December 4, 1961, application was made to the Interstate Commerce Commission for a certificate authorizing the abandonment of the entire line of the Rutland. The application has been assigned Finance Docket No. 21870. Hearings on the abandonment application started on March 22, 1962 and are, presently, continuing.

The Board of Directors has approved a Stipulation between the Rutland and the State of Vermont stipulating certain conditions relative for the sale of segments of the Rutland subject to stockholders and Interstate Commerce Commission approval. A copy of this Stipulation has been sent to you. Stockholders will vote upon the Stipulation at the annual meeting to be held April 17, 1962 at Rutland, Vermont and the I.C.C. will be advised as to the result of the vote of each class of stock.

For The Board of Directors,

A large, stylized handwritten signature in dark ink, likely belonging to the President of the Rutland Railway Corporation.

PRESIDENT

Rutland Railway Corporation

Balance Sheet, December 31, 1961 and 1960

ASSETS

	1961	1960
CURRENT ASSETS:		
Cash.....	\$ 41,799	\$ 141,732
Temporary Cash Investments.....		25,000
Special Deposits.....	23,270	90,075
Traffic and Car-Service Balances.....	45,796	38,896
Net Balances Receivable from Agents.....	753	58,687
Miscellaneous Accounts Receivable.....	36,970	83,193
Accrued Accounts Receivable.....		31,000
Prepayments.....	8,470	13,704
Material and Supplies.....	431,175	402,902
Other Current Assets.....	1,753	3,940
Total Current Assets.....	588,986	888,129
INVESTMENTS (See Note 2):		
Stock of Affiliated Company.....	20,000	20,000
Loans to Affiliated Company.....	141,250	143,750
Other Investments.....	33,638	33,638
Total Investments.....	194,888	197,388
PROPERTIES:		
Road and Equipment Property.....	25,192,436	25,451,659
Miscellaneous Physical Property.....	540,899	535,808
Total.....	25,733,335	25,987,467
Less:		
Acquisition Adjustment.....	11,237,498	11,237,498
Donations and Grants.....	2,474	2,474
Total.....	11,239,972	11,239,972
Investment in Property.....	14,493,363	14,747,495
Less Recorded Depreciation.....	3,807,484	3,702,093
Total Investment in Property less Recorded Depreciation.....	10,685,879	11,045,402
OTHER ASSETS AND DEFERRED CHARGES.....	44,769	77,410
TOTAL ASSETS.....	\$11,514,522	\$12,308,329

LIABILITIES AND SHAREHOLDERS' EQUITY

	1961	1960
CURRENT LIABILITIES:		
Audited Accounts and Wages Payable.....	\$ 40,195	\$ 91,932
Miscellaneous Accounts Payable.....	24,611	58,474
Interest Matured Unpaid.....	7,532	8,077
Dividends Matured Unpaid.....	2,580	2,875
Accrued Accounts Payable.....	97,730	100,909
Taxes Accrued.....	93,181	114,034
Other Current Liabilities.....	2,232	30,447
Total Current Liabilities.....	268,061	406,748
LONG-TERM DEBT DUE IN ONE YEAR—Equipment Obligations.....	218,948	320,575
LONG-TERM DEBT DUE AFTER ONE YEAR—Equipment Obligations.....		224,948
CASUALTY AND OTHER RESERVES.....	85,150	69,210
DEFERRED CREDITS.....	24,570	23,555
TOTAL LIABILITIES.....	596,729	1,045,036
SHAREHOLDERS' EQUITY (See Notes):		
Capital Stock:		
5% Cumulative Preferred, \$100 Par Value—Authorized and Outstanding, 46,804 Shares.....	4,680,400	4,680,400
Common, \$100 Par Value—Authorized and Outstanding, 60,112 Shares.....	6,011,200	6,011,200
Total.....	10,691,600	10,691,600
Capital Surplus.....	182,900	182,900
Retained Income.....	43,293	288,793
TOTAL SHAREHOLDERS' EQUITY.....	10,917,793	11,163,293
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY..	\$11,514,522	\$12,308,329

Notes to Financial Statements

- In December 1961 the Corporation filed with the Interstate Commerce Commission an application for a certificate of public convenience and necessity authorizing the abandonment of its entire line of railroad and its operations, which have been discontinued since September 25, 1961 due to a strike by the operating brotherhoods. Based upon estimates of salvage values as stated by the Corporation in the aforementioned application, the proposed abandonment would result in an approximate loss to the Corporation of \$5,350,000. No provision has been made for such loss as of December 31, 1961.
- At December 31, 1961 the Corporation's investment (\$161,250) in its affiliate was \$126,229 in excess of the net assets of the affiliate as shown by its books. No provision has been made for any loss on this investment.

- In July 1961 the Corporation contracted to purchase fifteen reconditioned gondola freight cars, subject to its inspection and approval. As of December 31, 1961 thirteen of these cars had not been received and the Corporation's liability therefor, \$55,940, was not recorded in the accounts.
- Dividends on the outstanding preferred stock are cumulative, if not paid, up to but not exceeding fifteen percent at any one time. At December 31, 1961 such dividends were fifteen percent in arrears, amounting to \$702,060.
- The current cost of renewals of parts of the track structure is charged to maintenance expense and additions and betterments to the structure are capitalized. Provision for depreciation has been made as to other classes of transportation property. Charges in 1961 and 1960 for renewals of the track structure amounted to \$222,762 and \$269,346, respectively.



STATEMENT OF INCOME

For the Years Ended December 31, 1961 and 1960

	1961	1960
OPERATING REVENUES:		
Freight (including switching).....	\$2,666,969	\$3,443,168
Milk.....	57,458	130,700
All Other.....	35,329	39,705
TOTAL.....	<u>2,759,756</u>	<u>3,613,573</u>
OPERATING EXPENSES:		
Maintenance of Way and Structures:		
Depreciation—Road.....	99,589	98,816
All Other.....	519,689	659,959
Maintenance of Equipment:		
Depreciation—Equipment.....	214,777	218,229
All Other.....	364,940	433,683
Traffic (Sales and Services).....	245,445	302,914
Transportation.....	1,128,935	1,603,015
General.....	291,891	325,040
TOTAL.....	<u>2,865,266</u>	<u>3,641,656</u>
NET LOSS FROM OPERATIONS.....	105,510	28,083
TAX ACCRUALS:		
Payroll (Retirement and Unemployment).....	149,237	202,112
State, Local, Miscellaneous.....	126,583	131,504
TOTAL.....	<u>275,820</u>	<u>333,616</u>
OPERATING LOSS.....	381,330	361,699
RENT INCOME (EXPENSE):		
Equipment Rental Income (Charges).....	33,152	(34,503)
Joint Facility Rental Income.....	24,050	26,677
NET RENT INCOME (EXPENSE).....	<u>57,202</u>	<u>(7,826)</u>
NET OPERATING LOSS.....	324,128	369,525
MISCELLANEOUS INCOME—NET.....	95,290	91,427
LOSS BEFORE FIXED CHARGES.....	228,838	278,098
FIXED CHARGES—Interest on Debt.....	16,062	28,278
NET LOSS FOR THE YEAR.....	<u>\$ 245,500</u>	<u>\$ 306,376</u>

STATEMENT OF RETAINED INCOME

For the Years Ended December 31, 1961 and 1960

	1961	1960
BALANCE AT BEGINNING OF YEAR.....	\$ 288,793	\$ 624,109
Net Loss for the Year.....	245,500	306,376
REMAINDER.....	<u>43,293</u>	<u>317,733</u>
Loss on Disposal of Real Estate.....		28,940
BALANCE AT END OF YEAR.....	<u>\$ 43,293</u>	<u>\$ 288,793</u>

HASKINS & SELLS
ACCOUNTANTS

80 FEDERAL STREET
BOSTON 10

ACCOUNTANTS' OPINION

RUTLAND RAILWAY CORPORATION:

We have examined the balance sheet of Rutland Railway Corporation as of December 31, 1961 and the related statements of income and retained income for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The financial statements described above have been prepared on a going-concern basis and do not reflect any loss which would result from the abandonment of railroad operations if the abandonment proposal filed with the Interstate Commerce Commission, as described in Note 1 to the Financial Statements, is approved by said Commission.

In our opinion, except for and subject to the effect of the matter mentioned in the preceding paragraph, the accompanying financial statements present fairly, on a going-concern basis, the financial position of the Corporation at December 31, 1961 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Haskins & Sells

March 7, 1962.

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